

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
PROJECT STAFF REPORT
August 30, 2006

Proposal: “A Trail Runs Through It” project

Proponents: **City of Whitefish**
 Flathead Gateway Partners

PART I – REQUEST SUMMARY

Project Description: The proponents are requesting that the Department of Natural Resources and Conservation (DNRC) enter into a management agreement authorizing the City of Whitefish to construct and maintain the recreational trail system across State Trust Lands as proposed in the Whitefish Neighborhood Plan (WNP).

The following was taken from the “A Trail Runs Through It” Vision Statement:

“A Trail Runs Through It” will be a trail system that includes a continuous corridor encircling the greater Whitefish area. This recreational trail will link public lands, lakes, trail networks and open space, while respecting traditional uses.

Project Location: The proposed trail system would include the interior secondary trails, as well as a “backbone” trail linking the following subareas of the Whitefish Neighborhood Plan (see attached Map – Exhibit A):

- Skyles/Beaver
- Spencer
- Swift Creek
- Haskill
- Happy Valley/KM

The trail system is proposed on lands located within the jurisdiction’s of both the Kalispell and Stillwater Unit offices of MT DNRC’s Northwest Land Office.

The trail system is proposed on lands classified as timber land and managed primarily for the production and sale of forest products.

Trust Beneficiaries: Public Building
 MSU 2nd Grant
 State Normal School
 MSU Morrill
 School of Mines
 School for the Deaf and Blind
 Common Schools

Background Information:

Whitefish Area Trust Land Planning Activities

There are 13,000 acres of State Trust Lands near Whitefish that are managed by the MT Department of Natural Resources and Conservation (DNRC). The DNRC came to Whitefish in May of 2003 to prepare a Neighborhood Plan for these Trust Lands. Local citizens petitioned the State Board of Land Commissioners (Land Board) to charter a committee comprised of Whitefish citizens working in collaboration with the DNRC to develop the Neighborhood Plan in order to represent the needs and values of the community. The Whitefish School Trust Lands Advisory committee was established and completed their work in October 2004. Included in the implementation phase of the plan is the

establishment of a recreation trail looping around Whitefish Lake and the city itself. "The Trail Runs Through It" planning committee has been selected to accomplish this task.

PART II – RECOMMENDATION

Transaction Options

The options generally available for Trust Land transactions are separated into two categories:

1. Disposal: Sale/Land Bank; Land Exchange; Permanent Easement
2. Authorization: Lease; License

The primary mechanism associated with this transaction would be a long-term Intergovernmental Management Agreement between DNRC and the City of Whitefish. This transaction is pending legal review by DNRC, Whitefish partners, and the Attorney General's office. Under this Agreement, the City would construct, connect, maintain and manage a "floating" trail system. Trust beneficiaries would be compensated through increased sales of State General Recreational Use Permits purchased by Whitefish-area trail users, at a benchmark level to be established in the Agreement. Revenues would also be generated by an increased number of commercial use licenses, promoted and managed by the City and/or DNRC. The City also proposes to work with DNRC to implement other transaction options to perpetuate the trail plan for the Whitefish Neighborhood Plan area. The Department recommends approval of the Intergovernmental Trail Management Agreement pending public comment, legal review, and establishment of permit sale benchmarks.

Traditional uses would continue to generate Trust revenue, including active forest management.

Coordination Opportunities And Needs

Public scoping will include focused effort to identify opportunities to coordinate activities that are complimentary or conflicting. Some of the known activities that will be considered within the context of this proposal are:

- Forest Management activities
- Goguen land exchange proposal
- Brittles Point of Pines East Lake Shore Sewage Treatment Proposal
- Possible relationship of trail system to a Fire Mitigation Strategy per Policy 3 of the WNP
- Other goals, policies etc...

Recommendation

The proposal meets the intent of the WNP and the physical characteristics of the proposed location appear to be compatible. This proposal has potentially significant long-range impacts on the future use and management of affected State Trust Lands as well as the community at large. **Staff recommends continuing with the Process Determination Phase of the WNP project review process.** The following actions would be advantageous to DNRC:

Facilitate a Public meeting to provide information, hear comments and consider coordination opportunities and needs. Publish a Scoping Notice and make available the Letter of Interest and Staff Report for local governments, the public, transaction partners, and key local legislators. Input received from this Scoping process will be used by DNRC to determine:

- *Specific Transaction options and sequencing.*
- *A public involvement plan.*
- *Options for working with a Community Transaction Partner(s).*
- *Options for working with a local government entity.*
- *If an RFP should be issued to consider other proposal options that may also exist for the parcel being evaluated.*
- *The appropriate applications needed to complete the transactions and initial level of MEPA.*

The resulting course of action will be presented to the Board of Land Commissioners as a staff recommendation prior to entering into an implementation agreement with the proponent.

PART III – AGENCY REVIEW

The Real Estate Management Plan (REMP), the State Forest Land Management Plan (SFLMP), and the Whitefish Neighborhood Plan (WNP) make up the framework within which management decisions are made regarding these lands. Discussion regarding each of these plans' applicability to the proposal is offered below:

Real Estate Management Plan

The REMP is the guiding management philosophy of the DNRC Real Estate Management Bureau and embodies three general goals: (1) sharing in expected community growth; (2) planning proactively; and (3) increasing revenue for Trust beneficiaries. It is recognized that public input and local community involvement will be critical for the success of the REMP. The proposal is considered here in context with the REMP "Funnel Filter" process:

Relationship To The First 5 Filters Of The Funnel Process From The REMP: The following filters are intended to be applied in consideration of development projects. Though this project is considered conservation per the REMP, a brief filter description and some discussion is offered at each filter level.

➤ **PHYSICAL ENVIRONMENT FILTER**

The Physical Environment filter identifies lands unsuitable for development due to steep slopes, floodplain, or presence of valuable habitat for Grizzly Bears and/or Bull Trout. Because the proposal is a conservation project as opposed to a development project, it passes through this filter layer (that is not to say that consideration would not be given to these issues when planning and reviewing improvements associated with the trail).

➤ **TRANSITIONAL FILTER**

The Transitional Filter identifies lands with favorable development attributes through proximity relationships of Trust Lands with established uses and existing roads and infrastructure. Because the proposal is a conservation project as opposed to a development project, it passes through this filter layer.

It is worthy to note that the REMP Record of Decision targets, and gives preference to conservation opportunities that provide revenue to the Trusts on lands with proximity relationships with established conservation uses, or lands designated within neighborhood plans as conservation or open space.

➤ **MARKET/DEMOGRAPHIC FILTER**

The Market/Demographic Filter attempts to define the Trust Land's "share" of development within a given market by pacing it with projected growth in that market given the Trust Land share of land. The REMP supports conservation strategies on all trust lands. Because the proposal is a conservation project as opposed to a development project, it passes through this filter layer.

➤ **PHYSICAL-SUITABILITY FILTER**

The Physical Suitability Filter guides site evaluations for the purpose of identifying specific parcels of land that might be suitable for development opportunities. The WNP identifies development opportunities within the plan area but states conservation is the community preference within a vast majority of the plan area. Because the proposal is a conservation project as opposed to a development project, it passes through this filter layer.

➤ **REGULATORY FILTER**

Applicable documents include:

- *State Forest Land Management Plan*
- *Whitefish Neighborhood Plan (local growth policies)*

- *Habitat Conservation Plan*
- *Local land use regulations*

Given the nature of the proposed use, there are no known conflicts with the existing, applicable regulatory (and non-regulatory) land use documents. The proposal is the first major step toward implementation of the WNP. Special consideration would have to be given to the State Forest Land Management Plan to minimize and/or compensate for impacts to forest management. Consideration to all of the above would be given during development of the management agreement being proposed.

State Forest Land Management Plan

Because the lands on which the proposal is being considered are classified timber lands, the impacts to the management of these lands for timber production will be considered, i.e.:

- Shifting of management objectives to reflect formalized recreational use;
- Increased public awareness/ acceptance of forest management practices and activities;
- Removal of acreage from timber production;
- Any other impacts identified during scoping and review.

The WNP recognizes the SFLMP current timber and classification and addresses them within the context of a more detailed community discussion. Forest management supervisors will be involved at all stages of discussion, and review of this proposal to insure consistency with the goals of the SFLMP.

Whitefish Neighborhood Plan

The WNP is consistent with, and reflective of the REMP goals and addresses them within the context of a more detailed community discussion. The proposal is the implementation of a major component of the WNP. Following is the list of the overall goals from the WNP followed by the Policy specifically addressing the trail system:

- Generate long-term and full-market economic return from the use of trust lands for Montana's public schools and other beneficiaries.
- Create a framework for orderly and predictable conservation and development land uses on trust lands for the lands in this Neighborhood Plan over the next 20 years.
- Clarify the goals and legal responsibilities necessary between Whitefish, the County, DNRC, and their partners to complete a set of transactions to protect important conservation lands and meet trust land fiduciary objectives.
- Minimize or reduce the risk of catastrophic fire in Whitefish and the County neighborhoods that are adjacent to State trust lands.
- Preserve and maintain critical wildlife habitat for sensitive, threatened, and/or locally significant species.
- Maintain the high water quality in the Whitefish Lake watershed, the primary source of drinking water for Whitefish.
- Maintain the scenic, rural, small-town character and landscape of the County and Whitefish.
- Enhance recreational use of trust lands for multiple users in a manner that provides compensation and supports the local economy and provides responsible stewardship of the natural resources.

- **Policy 2 – Create a Multipurpose, Regional Recreational System That Links Trust Lands in the Whitefish Area**

Trust lands create a border of undeveloped land along Whitefish's north, west, and south boundaries. Residents in nearby neighborhoods and visitors to the area use these lands for a variety of recreational uses. While trails have evolved in an ad hoc fashion, none have been planned, developed, or maintained to maximize the experience of these lands or interconnections to the community. This plan calls for the creation of a regional recreation system as a significant amenity to the area. The following characteristics would be implemented into this system:

Implementation Strategy 2.1 - Create a Regional Loop Trail

The cooperation of multiple partners has afforded an opportunity to create an interconnected trail that stretches from a trailhead on Swift Creek at the north end of Whitefish Lake to the southern end of Spencer Mountain, via Boyle Lake, Beaver Lakes, and Skyles Lake. This multiuse trail could be connected in a continuous loop to Whitefish and would be the spine of a recreational system that interconnects to neighborhoods and trailheads along the way.

The trust beneficiaries would be compensated as follows: *Area of land encumbered by trail (15 feet x length = area) x value of adjacent land x 5 percent = annual license fee.*

Attachments: Exhibit A - Map)

(Prepared by: Northwest Land Office SRL)

G:CO4117/Real Estate Mgmt/Whitefish Area Plan/Trail RunsThrough/StaffReport

EXHIBIT A

DNRC RFP - 035300 Neighborhood Plan Project Area Appendix B

